

Special Report
Kansas City Needs A Housing Policy

April 2000

City Auditor's Office

City of Kansas City, Missouri

U. S. Department of Housing & Urban Development
Office of Inspector General
Office of Audit, Great Plains
Kansas City, Kansas

April 5, 2000

Honorable Mayor and Members of the City Council:
HUD Office of Community Planning and Development:

This special report on city housing policy, strategies, and activities was initiated by the city auditor pursuant to Article II, Section 13 of the city charter. It was a joint effort between the City Auditor's Office and staff from the local Office of Inspector General, U. S. Department of Housing and Urban Development, (HUD), pursuant to the Inspector General Act of 1978 as amended. This is the first of two reports on housing. This report focuses on providing the mayor and City Council with information on housing-related activities currently performed by city departments and non-governmental agencies. A performance audit will be completed during fiscal year 2001, reporting on the activities of the city's Housing and Community Development Department.

Kansas City needs a housing policy. HUD allows cities autonomy in determining how the funds they provide should be spent. This latitude provides Kansas City the opportunity to develop its own housing program, but also places responsibility on the city to identify housing problems and establish policies that will lead to solutions. The city has not adequately met this responsibility. The absence of a comprehensive housing policy reduces accountability for the city's housing activities, and limits the city's ability to measure the impact of these efforts. The city's 1999 Consolidated Housing and Community Development Plan, a document annually submitted to HUD to describe the city's housing needs and efforts to address them, includes vague descriptions of the city's housing strategies. When these strategies are used to measure performance, any outcome can be viewed as a success. Interviews with more than 60 representatives of housing-related agencies found that 75 percent thought the city should assume the role of leadership or policy facilitator in housing, while just over ten percent felt the city currently accomplishes this role.

Housing is an important but complex issue, involving federal and city governments, and non-governmental agencies. The city spends nearly \$47 million annually on housing efforts. If housing was handled by a single department, this spending would rank third, behind annual expenditures for police and fire services. Housing is also important to the federal government. In 1998, HUD provided approximately \$29 million of the city's housing-related funds. Finally, non-governmental agencies construct and renovate homes, finance housing developments or occupancy, and address the needs of those who are unable to secure decent, affordable housing without assistance.

Current information on the quality, affordability, and availability of housing in the city is largely non-existent. Information on housing conditions reported in the city's 1999 consolidated plan is at least ten years old and consequently should not be used to identify current conditions. Our interviews with frontline housing service providers identified problems that include a lack of affordable units,

deteriorating physical condition, and problems with city bureaucracy. Adequate knowledge of housing conditions is crucial for identifying problems, determining their severity, and developing policies that might address and correct them.

We recommend the city develop a clear, comprehensive housing policy. A task force that includes city staff, HUD staff, and representatives of financial entities, special interest organizations, and neighborhood groups, along with developers and housing experts should be established to develop the city's housing policy. The developed policy should address all housing in the city, answer questions of city priorities, describe the methods to be used, and identify program outcomes to be achieved. FOCUS information and HUD should serve as resources in the policy deliberations and current information on housing conditions should be collected and used in these efforts. Once developed, the policies should be communicated to the City Council for deliberation and approval, then used to identify the responsibilities of individual city departments. Finally, the policy should be communicated to individuals involved in housing-related activities both within and outside city government and should serve as the basis for evaluating the effectiveness of city departments and the efforts of outside agencies receiving city funds in addressing Kansas City's housing problems.

The draft report was sent to the city manager, and the director of HUD's local office of Community Planning and Development on February 24, 2000 for review and comment. Their written responses are included as appendices. We want to thank city staff, HUD staff, and representatives of area agencies involved in housing-related activities for providing information and assistance.

The audit team for this project included Bill J. Davis, Chanel Goodwin-Watkins, Joyce Patton, and Gary White from the City Auditor's Office, and Carrie Gray from the Office of Inspector General, U. S. Department of Housing and Urban Development.

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Introduction

Purpose and Authority

This special report on city housing policies, strategies, and activities was initiated by the city auditor pursuant to Article II, Section 13 of the Charter of Kansas City, Missouri, which establishes the Office of the City Auditor and outlines the city auditor's primary duties. The report was completed jointly with the local Office of Inspector General, U. S. Department of Housing and Urban Development (HUD), pursuant to the Inspector General Act of 1978 as amended.

In the past, council members have requested information regarding the effectiveness of outside agencies that receive city funding for housing-related efforts. Present council members have expressed concerns regarding the overall effectiveness of the city's housing efforts. This special report provides information on housing-related activities currently performed by city departments, HUD, and non-city agencies. It is the first of two reports we will complete on housing activities. A subsequent performance audit will be completed during fiscal year 2001, reporting on the activities of the city's Housing and Community Development Department.

Objectives

This report was designed to answer the following questions:

- What are the city's missions, goals, and strategies for addressing housing conditions in the city?
- Are the developed missions, goals, and strategies appropriate for the city?
- Is there consistency between the city's missions, goals, and strategies and federal housing objectives?
- Does the city request and receive appropriate levels and types of federal cooperation and assistance?
- What are the quality, affordability, and availability of housing in the city?

Scope and Methodology

This special report is intended to provide the mayor and City Council information on housing-related activities currently performed by city departments, HUD, and non-governmental agencies.

Our work on this report was completed in accordance with applicable government auditing standards and included the following procedures:

- Identifying and evaluating available data on housing such as internal housing reports, census information, and housing-related department documents.
- Reviewing literature on housing conditions, policies, or strategies.
- Interviewing city staff, HUD officials, representatives of local agencies involved in housing-related activities, and area housing experts.
- Reviewing reports and other materials generated as part of the Forging Our Comprehensive Urban Strategy (FOCUS) Kansas City process.
- Reviewing materials related to the activities of the U. S. Department of Housing and Urban Development, including the city's 1999 Consolidated Housing and Community Development Plan.
- Attending HUD's Building a Better Tomorrow: 1999 Best Practices and Technical Assistance Symposium and the September 1, 1999, HUD/city staff consultation conference.

This report was completed jointly by the Office of the City Auditor and the Office of Inspector General, U. S. Department of Housing and Urban Development.

No information was omitted from this report because it was deemed privileged or confidential.

Background

Federal Housing Efforts Date Back to the 1930's

The Housing Act of 1934 created the Federal Housing Administration in response to a national housing crisis resulting from the stock market crash of 1929. The Federal Housing Administration provided insurance for private mortgage loans on residential property, thereby protecting lenders against loss, while encouraging the use of long-term mortgages. The act was expanded in 1937 as the government began to build, own, and operate housing. Subsequent acts in 1949 and 1954 addressed issues of urban blight and urban renewal. In 1965, the Department of Housing and Urban Development (HUD) was established, consolidating a number of agencies created in earlier legislation.

HUD's mission is to provide housing. The statutory mission of HUD is to provide a decent, safe, and sanitary home and suitable living environment for every American. The six HUD objectives are:

- Fighting for fair housing.
- Increasing affordable housing and home ownership.
- Reducing homelessness.
- Promoting jobs and economic opportunity.
- Empowering people and communities.
- Restoring the public trust.

HUD programs are intended to increase the availability of housing and shelters through expanded economic opportunities and social and supportive services for low- and moderate-income individuals, the homeless, and the disabled.

Programs have specific purposes. HUD supports a number of targeted housing programs. Particular objectives of the programs include promoting local government's development of housing strategies, providing financial and technical assistance to develop affordable low-income housing programs, and promoting partnerships among all levels of the government and the private sector. Individual HUD programs and their objectives are described below.

- **Community Development Block Grant Entitlement Program.** Focuses on providing decent housing and expanding economic opportunities for individuals of low to moderate income.

- **Emergency Shelter Grant Program.** Supports emergency shelters and social services for the homeless; tries to restrict the increase of homelessness through preventive programs and activities.
- **Supportive Housing Program.** Assists homeless persons in the transition from homelessness.
- **Shelter Plus Care.** Provides supportive services for hard to serve homeless persons with disabilities and their families.
- **Home Investment Partnerships Program.** Assists local governments and the private sector in the production and operation of affordable housing for low-income persons.
- **Housing Opportunities for Persons with AIDS.** Provides states and municipalities with resources and incentives to meet the housing needs of persons with AIDS or related diseases and their families.

HUD provides more than \$29 million annually to Kansas City. Representatives of housing-related agencies both within and outside city government indicated through interviews that they believe the city receives its fair share of HUD dollars. A combination of grants and contracts provided over \$29 million in funding to Kansas City during 1998. (See Exhibit 1.)

Exhibit 1. HUD Funding to Kansas City, 1998¹

HUD Funding to Kansas City	Amount
Entitlement Grants	
Community Development Block Grant	\$11,324,000
Home Investment Partnership	2,618,000
Housing Opportunities for Persons with AIDS	778,000
Emergency Shelter Grant	445,000
Competitive Grants	
Continuum of Care—Shelter Plus Care	7,363,140
Economic Development Initiative—Special Purpose Grants	4,600,000
Brownfields Economic Development	1,250,000
Continuum of Care—Sheffield Place	483,660
Local Lead Hazard Awareness Campaign	190,257
Other	
Fair Housing Contract	191,910
Total HUD Funding	\$29,243,967

Source: HUD-OIG calculations.

¹ Figures for fiscal year 1998 are reported because not all awards for fiscal year 1999 were made when this report was completed.

The City has broad latitude in how it spends HUD funds. HUD programs are designed to give recipients discretion in how to use federal funds to address their housing needs. HUD programs allow substantial flexibility within the broad federal guidelines governing each program. For example, although HUD requires that at least 70 percent of the Community Development Block Grant funding be spent on programs benefiting low- and moderate-income persons, the city has broad latitude in the way it meets the requirement. Similarly, although the Housing Opportunity for Persons with AIDS, Home Investment Partnership, and Brownfields programs include restrictions to ensure the funds are used only to benefit the respective program, the city can design its own program within those guidelines.

City Government's Interest in Housing Dates Back More Than 30 Years

Ordinance 33012 (passed on November 8, 1966) established the Community Services Department to replace the Welfare Department. The duties of the Community Services Department included serving:

In a liaison capacity between city government and citizens, churches, schools, community organizations, law enforcement agencies and others, in such areas as housing, education, job training, employment and crime and delinquency control.²

Housing-related activities span several city departments. Seven city departments provide housing-related services. The departments and their housing-related responsibilities are described below.

- **Housing and Community Development.** Responsible for increasing new housing construction as well as increasing the rehabilitation of existing housing within the city.
- **Neighborhood and Community Services.** Responsible for neighborhood preservation through code enforcement efforts and the demolition of property that cannot be rehabbed. The department also provides assistance to persons who are homeless while seeking to prevent others from becoming homeless through rent and utility assistance.
- **Health.** Contracts with a local agency to provide housing services for persons with HIV/AIDS, inspects dwellings upon suspicion of lead poisoning, and provides lead hazard remediation to privately

² Charter of Kansas City, Missouri, Article III, Section 39.

owned homes and rental properties of low- and moderate-income individuals.

- **Codes Administration.** Ensures compliance with building codes by providing residential plans review, testing and licensing tradesmen and contractors, issuing building and demolition permits, and conducting structural, mechanical, fuel gas, electrical, and plumbing inspections on new construction, renovations, and demolitions. Enforces the zoning and floodplain management ordinances.
- **City Planning and Development.** Reviews and makes recommendations on zoning applications for development of property. Provides staff to the City Plan Commission; the Planning, Zoning and Economic Development Committee; the Board of Zoning Adjustment; and the Landmark's Commission and is a liaison with the Economic Development Corporation.
- **Human Relations.** Focuses on fair housing issues, investigating claims of discrimination in mortgage, rental, and real estate areas.
- **Municipal Court.** Assists other city departments in their enforcement of property maintenance codes, building codes, and the zoning ordinance by adjudicating citations written against property owners, tenants, and permit holders through the Housing Court.

Housing-Related Spending Is Nearly \$47 Million Annually

The city spends an estimated \$47 million annually on housing-related activities. (See Exhibit 2.) If all city spending on housing-related efforts were consolidated in a single department, the nearly \$47 million in annual spending would place the department third in total expenditures, trailing only police (\$115 million) and fire protection (\$56 million).³

³ Total expenditure figures for Police and Fire are from the fiscal year 2000 adopted budget.

Exhibit 2. Estimated Expenditures for Housing-Related Activities

Department	Expenditures
HUD Contributions not otherwise included ⁴	\$16,760,103
Housing and Community Development	14,313,689
Neighborhood and Community Services	10,611,225
Health	2,793,091
Codes Administration	1,380,000
City Planning and Development	572,499
Human Relations	140,778
Municipal Court	79,860
Total	\$46,651,245

Sources: Adopted Budget FY 2000, conversations with department staff, and HUD-OIG/City Auditor's Office calculations.

Most housing funds come from grants. Almost \$32 million in estimated city funding comes from state and federal grants. The city provides approximately \$8 million (about 17%) from the general fund. (See Exhibit 3.)

Exhibit 3. Housing-Related Spending by Funding Source

Funding Source	Total Expenditures
Grants	\$31,663,775
General Fund	7,913,419
Local Use Tax	2,519,768
Capital Improvement Fund	2,375,000
Permit Fees	1,380,000
Infrastructure and Maintenance Fund	315,000
Special Housing Rehabilitation	260,000
Domestic Violence Shelter Operations	105,000
State General Fund	83,283
Police Drug Enforcement	36,000
Total	\$46,651,245

Sources: Adopted Budget FY 2000, conversations with department staff, and HUD-OIG/City Auditor's Office calculations.

Non-Governmental Agencies Also Provide Housing-Related Services

In addition to HUD and city departments, there are a number of other non-governmental agencies involved in housing activities including developers, financial institutions, economic development organizations, community development corporations, and organizations for persons with special needs. The following briefly describes some of the organizations involved in housing-related activities.

⁴ The figures included in the individual department budgets do not reflect all annual HUD contributions. For consistency with Exhibits 1 and 3, we included here HUD funding not already shown in this exhibit.

- **Developers.** Responsible for the construction of housing and rental properties.
- **Financial institutions.** Supply the funds for the development or purchase of housing.
- **Economic development organizations.** Assist developers or other parties interested in housing construction.
- **Community development corporations.** Develop or rehabilitate housing, generally in a specific area or neighborhood.
- **Special needs organizations.** Provide assistance to those in need, such as the homeless or poverty stricken, by providing advocacy services or combating discrimination.

Findings and Recommendations

Summary

Limited information on the city's missions, goals, and strategies for housing exists, although the city's housing efforts appear consistent with federal housing objectives. While HUD provides a significant portion of the city's housing funds, it allows cities broad latitude in determining how its funds should be spent. This autonomy gives Kansas City the opportunity to direct its own efforts, but also places responsibility on the city to identify housing problems and the best methods to address them. The city has not adequately met this responsibility as the city lacks a comprehensive housing policy. The lack of a housing policy reduces the city's ability to determine the effectiveness of its efforts or evaluate their appropriateness.

Current information on the quality, affordability, and availability of housing in the city is largely non-existent. Information on housing conditions reported in the city's 1999 consolidated plan is at least ten years old and consequently should not be used to identify current conditions. Interviews with more than 60 frontline housing service providers identified problems that include deteriorating physical condition, lack of affordable units, and problems with city bureaucracy. Adequate knowledge of housing conditions is crucial for identifying problems, determining their severity, and developing policies that might address and correct them.

We recommend the city begin the process of developing a clear, comprehensive housing policy that addresses all housing in the city, answers questions of city priorities, describes the methods to be used, and identifies program outcomes. A task force that includes city staff, local housing service providers, and housing experts should be established to develop the city's housing policy. HUD, which currently provides adequate levels of cooperation and assistance, should also be used as a resource in the policy's development, along with information developed from FOCUS. Information on housing conditions should be collected and used in these efforts. Once developed, the policies should be communicated to the City Council for deliberation and approval, then communicated to all interested parties and serve as the basis for evaluating efforts to address housing problems in Kansas City.

Kansas City Needs A Housing Policy

Kansas City does not have a unified, clearly articulated policy directing its housing efforts. Part of the reason is that HUD allows cities to apply for and receive funds for housing efforts without requiring the establishment of city policies directing these efforts. The city annually develops a consolidated plan that provides little direction on the city's housing objectives and strategies, allowing any change in housing conditions to be interpreted as a success.

Interviews with more than 60 representatives of housing-related agencies found that 75 percent thought the city should assume the role of leadership or policy facilitator in housing, while just over ten percent felt the city currently accomplishes this role. We also found poor communication of the city's goals and objectives to non-governmental organizations providing housing services. Although not specifically asked about city policies, several area frontline housing service providers stated that they were unaware the city had any housing policies.

A comprehensive city housing policy is needed. The policy should address all housing in the city, regardless of the department providing the service. It should establish city priorities, describe the methods used to accomplish objectives, and identify desired program outcomes. A task force that includes city staff, HUD staff, developers, housing experts, and members of financial entities, special interest organizations, and neighborhood groups should be established and given responsibility for developing a comprehensive housing policy. Once developed, the policy should be communicated to the City Council for deliberation and approval, then used as a basis for identifying the duties and responsibilities individual city departments will accomplish. The developed policy should be communicated so that it is known and understood by all interested parties both within and outside city government and serve as the basis for measuring the effectiveness of city departments and outside agencies receiving city funding to resolve Kansas City's housing problems.

Consolidated Plan Details Activities, But Does Not Clearly Identify Policies or Performance Outcomes

HUD requires cities to submit a consolidated plan as a condition of the city's receipt of \$15 million in entitlement grants from the numerous federal housing assistance programs.⁵ The consolidated plan should

⁵ This requirement is a central provision of the Cranston-Gonzalez National Affordable Housing Act of 1990.

assess various housing needs in the community, and design affordable, special-needs housing strategies and action programs to meet those needs. The city's Housing and Community Development Department develops the city's plan with the assistance of other departments. Once developed, the consolidated plan is reviewed and approved by council resolution, then submitted to HUD for approval. The city's 1999 Consolidated Housing and Community Development Plan was approved by Council Resolution 990088.

HUD staff report that their agency's role is one of oversight and monitoring to ensure funds are used within the broad parameters of its programs. As a result, it is the city's responsibility to establish its own controls to ensure programs are effectively developed, coordinated, and communicated to all necessary parties.

Reported Housing Strategies Are Too Vague to Represent Policy

The information contained in the 1999 consolidated plan is inadequate to serve as an effective city housing policy. For example, one section of the plan includes directives such as "increase the supply of decent affordable housing" and "provide a variety of housing types." These statements came from documents resulting from Forging Our Comprehensive Urban Strategy (FOCUS), an effort began in 1992 to design a clear vision and strategic direction for Kansas City to be used to develop a new community-driven, fact-based, cohesive policy framework to guide the city's public policy discussions into the next century.⁶

The city's five-year housing goal, also included in the 1999 consolidated plan, was similarly derived from FOCUS efforts. This goal is equally broad:

To create a city for people that fosters stable, livable, economically-viable and diverse neighborhoods by substantially increasing opportunities for families – especially those of low and very-low income and those with special needs – which enables them to afford a standard dwelling unit in a suitable living environment.⁷

The results of the city's FOCUS efforts were not intended to represent city policies, but to begin the discussion for policy development. When substituted for policy in the city's consolidated plan, their lack of specificity makes it difficult to determine how these directives will be

⁶ FOCUS was an effort by city staff and volunteers to replace Kansas City's comprehensive plan, which was written in 1947. FOCUS is an interconnected plan that provides a new decision-making framework for complex issues. The resulting comprehensive and strategic plan, *FOCUS Kansas City*, was adopted by the City Council in 1997.

⁷ Kansas City, Missouri's *1999 Consolidated Housing and Community Development Plan*, pp. 74 and 75.

accomplished, the city's role in these efforts, and which of the seven city departments will be responsible for achieving them. In addition, the lack of specific objectives limits opportunities to determine whether the objectives were successfully accomplished.

The 1999 consolidated plan cannot substitute for comprehensive statements of the city's goals for housing and the specific strategies it expects to employ. Not having this information leaves city staff with little direction for determining the best method of accomplishing the city's housing goals or objectives.

City strategies have apparently evolved without formal discussion or decision-making. Policy is a "standing decision," characterized by behavioral consistency and repetitiveness on the part of both those who make it and those who abide by it.⁸ While lacking policies, the city appears to have made some decisions regarding its housing efforts without formal deliberations or discussion. HUD staff report that Kansas City tends to distribute its funding to various neighborhoods throughout the city, although concentrating efforts in a particular area is another successful strategy. Determining whether the city should focus its efforts (and dollars) in specific geographic locations of the city or scatter them everywhere should be part of the policy development process.

HUD staff also noted that Kansas City has many subgrantees and runs a mini-entitlement program based on its application process. The staff believe a better strategy for the city might be to identify specific projects it wants done, request proposals and award contracts based on the value of the proposals in relation to the city's housing policy. Development of a city policy could provide a forum for determining which strategy will best achieve the city's identified goals and objectives.

Further, the manner in which these strategies were established is unclear. The city's housing activities are described in documents such as the consolidated plan and adopted budgets but information is limited on the policies, how they were developed, and who participated in their development.

Minimal efforts could be viewed as success. Evaluating the effectiveness of the city's housing activities becomes difficult if the city lacks clear goals or objectives against which operations can be compared. The strategies included in the consolidated plan allow any outcome to be declared a success, simply because conditions have

⁸ Heinz Eulau and Kenneth Prewitt, *Labyrinths of Democracy*, (Indianapolis: Bobbs-Merrill, 1973), p. 465, quoted by Charles O. Jones, *An Introduction To The Study Of Public Policy*, 3rd ed., (Monterey: Brooks/Cole Publishing Company, 1984), p. 26.

changed. For example, if one house were constructed as a result of the city's efforts, it would be considered a success because the city managed to "increase the supply of decent affordable housing."

Specific policies and goals would help to better evaluate whether such an effort was, indeed, a success. For example, specific goals relating to cost or viability of the developed housing could be used to determine whether the new construction was suitable for the neighborhood in which it was built, had a value in line with the cost of surrounding homes, and was constructed using quality materials and workmanship.

The lack of housing policies increases the possibility that the nearly \$47 million in annual citywide spending for housing-related activities may not be utilized in an efficient, effective, and equitable manner. Obtaining the greatest benefit from the city's housing efforts requires that they grow out of a unified vision, articulated through guiding policies focusing on desired outcomes. By clearly articulating the goals and expectations in a housing policy, the city would be better able to determine whether its programs and activities are achieving the desired result.

Components of Public Policy

- **Intentions:** The true purposes of an action.
- **Goals:** The stated ends to be achieved.
- **Plans or proposals:** Specified means for achieving the goals.
- **Programs:** Authorized means for achieving goals.
- **Decisions or choices:** Specific actions taken to set goals, develop plans, implement and evaluate programs.
- **Effects:** The measurable impacts of programs (intended and unintended; primary and secondary).

Source: Charles O. Jones, *An Introduction to the Study of Public Policy*, 3rd ed., (Monterey: Brooks/Cole Publishing Company, 1984), pp. 26 and 27.

Successful Efforts of the CIC Committee Provide a Model for Effective Housing Policy Development

On September 11, 1997, the Community Infrastructure Committee (CIC) presented their final report, describing a strategy for planning, financing and administering the city's capital improvement program.⁹ Problems the committee identified mirror those found in the city's housing efforts:

- lack of an orderly and understandable process;
- lack of a standardized, consistent methodology for establishing priorities; and
- lack of guiding principles and policies that would direct the course of the city's efforts and standards for managing the city's program.

The CIC developed a decision-making framework by which infrastructure needs can be identified, prioritized, and sensibly financed, providing an orderly, predictable, understandable, and inclusive process which enhances public confidence, trust, and participation in the system, and better assures a consistent outcome. The committee proposed a number of recommendations that:

- identifies the roles and responsibilities of the program participants;
- identifies the process for program development;
- describes how the program will be administered;
- identifies objective and standardized criteria for use in establishing priorities;
- includes a mechanism for systematic citizen involvement in planning and priority setting;
- suggests balance, over time, between types of projects and geographic locations;
- recommends coordination with the efforts of other jurisdictions and agencies; and
- suggests methods of monitoring and reporting progress and consistency with the plan be formally adopted, user friendly, and published often.

The committee reported that by instituting orderly procedures, standards, guidelines, and benchmarks and by better managing resources and exercising patience, the city can make more efficient use of monies available and have a greater positive impact. Development and implementation of a similar system could improve housing efforts.

Source: Community Infrastructure Committee, *"Closing the Gap" A New FOCUS On Capital Improvements*, September 11, 1997.

⁹ The CIC was created by City Council Resolution 951551. It was charged with reviewing the city's capital asset condition and needs, establishing goals to guide the development of annual and five-year capital budgets and plans, developing policies for prioritizing needs, identifying funding options, assessing current planning efforts, and developing long-term strategies to resolve capital improvement and deferred maintenance needs.

Housing Service Providers Were Unaware of City Policies

We asked more than 60 frontline housing service providers for their impressions of the city's housing efforts. While 75 percent of those interviewed thought the city should assume the role of leadership or policy facilitator, just over 10 percent felt the city currently accomplishes this role. In addition, several of those interviewed brought up the issue of a city housing policy, describing it as inadequate or non-existent.

As part of our efforts for this report, we interviewed more than 60 individuals, including representatives of agencies involved in housing-related activities, members of the local HUD office, and local academic experts on housing issues. Each was asked a series of open-ended questions, including:

- How would you describe Kansas City's housing conditions?
- What do you feel should be the city's role concerning housing issues?
- How does this role compare to the city's current role in housing?¹⁰

When asked what should be the city's role in housing, 75 percent of those interviewed thought the city should assume the role of leadership or policy facilitator. However, when asked how well the city currently accomplishes this role, just over 10 percent found the city's efforts satisfactory. Similarly, almost 50 percent of those interviewed thought the city should facilitate partnerships between private organizations, non-profit agencies, and government entities, while just over 10 percent thought the city was currently successful in these efforts.

Several providers identified the lack of a city policy. Although not specifically asked, several of those interviewed also spoke about the city's housing policies. A few said they could not identify a coherent or cohesive housing message being disseminated from City Hall. Some thought the city has little or no housing policy. One person responded that most of the problems in housing result from the lack of a policy framework. Effectively accomplishing the city's leadership role requires the development and communication of a comprehensive housing policy.

A Comprehensive Housing Policy Should Be Established

Kansas City needs a comprehensive housing policy. The policy should explain the rationale behind decisions, describe methods to be used, and state anticipated program outcomes. Policy setting involves answering

¹⁰ A complete list of the questions asked can be found in Appendix A.

questions regarding issues and priorities. Aspects of a city housing policy, for example, should include decisions on the following types of issues:

- **Income level.** On what income level (if any) should the city concentrate its resources?
- **Level of involvement.** Should the city simply set the overall direction of housing policy and allow external actors to implement that policy or should it take a more active role in home construction?
- **Size.** Should the city focus on small, in-fill projects or emphasize large-scale projects?
- **Type of activity.** Should the city focus on improving rental opportunities or homeownership opportunities?
- **Priority.** Should the city's economic development strategy focus on commercial development in hopes that housing will follow, or should incentives be granted to residential projects first in hopes that new housing will attract commercial development?
- **Geographic location.** Should specific areas of the city be targeted for housing initiatives or should all parts of the city receive equal housing resources?

Establishing its policy on these issues would give the city a framework for developing criteria for prioritizing housing needs, identify methods that would be best to address these needs, and provide guidance in the development of long-term strategies to resolve housing problems in the city. This information should also provide a basis for evaluating the effectiveness of city departments and those agencies contracted by the city to accomplish specific housing goals and objectives.

Service Providers, FOCUS, and HUD Can Serve as Resources

The FOCUS documents contain resources useful in the development of a city housing policy. These documents should serve as a policy framework or “reference manual” for policy development. In addition, our interviews with frontline housing service providers and HUD representatives indicated their willingness to aid in the development of a city housing policy. A task force that includes city staff, local housing service providers and experts, and HUD staff should be formed to develop a city housing policy for deliberation and approval by the City Council.

FOCUS report can assist in policy development. In the area of housing programs, FOCUS addresses issues such as where housing programs should be concentrated and emphasizes targeting incentives and partnership development.

Housing Objectives Derived from FOCUS

The *FOCUS Kansas City Plan* includes draft objectives for developing housing programs. These include:

- Leveraging
- Involving partners/anchors
- Having an impact on surrounding properties
- Helping historic properties
- Being located close to employment areas
- Preserving/contributing to the variety of building densities/types

Source: City Planning and Development Department.

FOCUS strategies were not intended to replace policy decisions.

Information contained in the FOCUS documents was developed to begin policy discussions, not replace them. FOCUS strategies on housing are included in the city's consolidated plan prepared for HUD. FOCUS provides policy direction for the city; however, it should not be used in place of public decision-making.

FOCUS frames the public debate about important issues facing our city and pulls in the entire community to help with innovative solutions. FOCUS provides a mechanism for integrated decision-making, not only at City Hall, but throughout the entire city. . . . The plan is intended to be used as a "reference manual" to guide our public policy decisions, not an encyclopedia with all the answers.¹¹

HUD recommends partnerships be part of the policy development process. HUD identifies partnering as one of the "best practices" in housing. Developing strong relationships with those who have a direct interest in the outcome allows each participant to contribute valuable insights, skills, resources, and connections to create a group capability greater than the sum of its parts. HUD recommends partnerships throughout program planning, implementation, operation and monitoring.¹²

Service providers and HUD should be involved in policy development. Some of the frontline housing service providers we

¹¹ FOCUS Kansas City, *Phase 1: The Policy Plan, A Strategic and Comprehensive Plan for Kansas City, Missouri*, February 1994, pp. 3 and 9.

¹² Center for Visionary Leadership for the U. S. Department of Housing and Urban Development, *Celebrate the Spirit of Success!, A Guide to Best Practices*, July 1998, p. 51.

interviewed indicated that they believed that the city should consult with them when developing or carrying out the city's housing policies. This would provide important ideas and feedback to the city's efforts.

Because of HUD's awareness of "best practices" in housing, knowledge of housing efforts by other cities, and access to and analysis of nationwide information on housing conditions, we recommend they also be included when the city develops its comprehensive housing policy.

We recommend the city develop a housing policy that addresses all housing efforts of the city, answers questions of city priorities, describes the methods that will be used, and clearly articulates the desired outcomes to be achieved. The policy should be developed by a task force of city staff, HUD employees, representatives of area housing-related organizations, and local housing experts. Once developed, the policies should be communicated to the City Council for deliberation and approval. After approval, the policy should be communicated to all interested parties both within and outside city government and used to evaluate efforts to address Kansas City housing problems.

Current Housing Data Is Not Available

Current information on the quality, affordability, and availability of housing in the city is largely non-existent. Information on housing conditions reported in the city's 1999 consolidated plan is at least ten years old and consequently should not be used. Interviews with area representatives of housing-related agencies identified problems including deteriorating physical conditions, difficulties in dealing with city bureaucracy, and a lack of affordable units; however, we found little data that could identify other problems or confirm the perceptions of the representatives interviewed. The lack of current data adversely impacts the city's ability to best address its housing issues. It also contributes to a lack of accountability for the city's housing activities and limits measuring the impact of these efforts. Adequate knowledge of housing conditions is crucial for identifying problems, determining their severity, and developing policies that might address and correct them.

Perceptions on Housing Problems Differ

We asked more than 60 individuals representing agencies providing housing-related services a series of open-ended questions to solicit their opinions regarding Kansas City housing conditions. Some identified Kansas City housing conditions as good as or better than most major

cities. Others identified significant problems. Most cited obstacles, but also reported opportunities unique to the city.

All were asked to identify any housing-related problems or obstacles they see in Kansas City. Exhibit 4 identifies the problems reported most often, arranged by the frequency in which each was mentioned in interviews.

Exhibit 4. Problems/Obstacles Identified in Interviews

Problem/Obstacle	Frequency Mentioned
Lack of affordable housing units/high costs	48%
Deteriorating physical condition	41%
City bureaucracy – cooperation	34%
Lack of credit/income	30%
City bureaucracy – timeliness	30%
City bureaucracy – inconsistency	23%
City bureaucracy – communication	23%
Crime	18%
City bureaucracy – fairness	16%
Schools	16%
Inability to charge high rents	16%

Sources: Interviews with housing service providers.

Almost half of those interviewed cited a lack of affordable units or high costs as a problem, while less than 20 percent cited problems with crime, schools, rental rates, or fairness in city bureaucracy. While the interviews are not conclusive evidence that the problems identified actually exist, they do identify potential areas to explore when seeking to improve housing in the city. Determining the validity of these opinions requires current housing information.

Information on Current Housing Conditions Is Inadequate

We found little current data that we could use to identify problems or confirm perceptions or opinions regarding housing conditions. A few local studies have been undertaken to assess current housing conditions in Kansas City. The data that was available was limited in quantity, questionable in quality, and out of date. For example, the city last conducted a study of housing conditions in 1988. More recent studies (most notably the Mid-America Regional Council's 1993 Urban Core Study and 1997 Analysis of Impediments to Housing Choice) relied heavily upon 1990 U. S. census data that is now 10 years old.

Information in the city's 1999 consolidated plan was derived from data developed by the city in 1988 and 1989, and information from the 1980 and 1990 U. S. census. As such, the information is too old to be useful for current policy making efforts. Some of it is also inaccurate.

The age of this information adversely impacts using it to evaluate current conditions. For example, the 1999 consolidated plan states that almost 15,000 persons are homeless. (See Exhibit 5.) That figure, however, was developed for the 1994 U. S. Conference of Mayors. Using it to evaluate the relative significance of the city's homeless problem would be unwise. Further, developing policies or setting priorities based on this information would also be ill-advised. For example, the 1999 consolidated plan also reports that 10,000 housing units need to be demolished, an estimate developed in 1988. Devoting current resources to the demolition of these 10,000 homes could either result in an over-commitment of resources if current conditions show improvement, or result in limited success if the number of homes needing demolition has increased.

Exhibit 5. Selected Information on Housing Conditions

Information	Number	Percentages
Housing Units		
Owner-occupied	101,108	50%
Renter-occupied	76,493	38%
Vacant	24,172	12%
Housing Condition		
Sound condition	110,000	54%
Needs minor repair	39,000	19%
Needs major repair	43,000	21%
Needs demolition	10,000	5%
Homeless	14,872	N/A
Estimated Shortage of Affordable Housing	20,000	N/A

Sources: 1999 Consolidated Housing and Community Development Plan and City Auditor's Office calculations.

Housing Data Should Be Interpreted Carefully

We also found that some housing data has been used incorrectly. In 1988, City Planning and Development evaluated the condition of every fifth house within the city limits.¹³ Surveyors were given a book containing photographs of various housing conditions and asked to judge the condition of the houses in their sample by comparing them to the photographs.

Summer interns charged with the task of observing and rating the condition of housing units began in the city's most deteriorated neighborhoods. Funding limitations prevented completion of survey

¹³ 1988 Housing Condition Survey, City Planning and Development.

observations in newer sections in the north, far south and far east sections of the city. As a result, the interns were only able to sample homes in 87 percent of the city's neighborhoods.

The sections of the city that were not surveyed are generally considered to contain a greater proportion of newer units, which could be expected to be some of the best housing stock. Although the survey data came primarily from older neighborhoods with greater concentrations of houses in poorer condition, the information obtained from the survey was assumed to represent housing conditions citywide. As a result, the information reported as citywide housing conditions in the 1999 consolidated plan (and included in Exhibit 5) reports greater percentages of the city's housing stock as needing repair and lower percentage of housing in sound condition than probably actually existed.

The City Needs Current Housing Data to Determine the Type and Severity of Problems

Adequate knowledge of housing conditions is crucial for identifying problems, determining their severity, and developing policies that might address and correct them. Without current housing information, identifying housing problems is difficult. It also adversely impacts city staff's ability to address the city's housing issues.

We recommend the development of a mechanism for routinely gathering information on housing conditions in Kansas City. The mechanism should specifically identify what information will be gathered, how it will be collected, the departments responsible for collection, and the frequency in which the new information will be obtained. Once established, the information should be considered during deliberations for or modifications to established city housing policy.

Recommendations

1. The city manager should prepare for City Council consideration a resolution for the establishment of a broad-based task force to develop an integrated housing policy that describes all facets of the city's housing efforts. Participants in the task force should include city and HUD staff, individuals involved in housing-related activities and area housing experts. The policy developed by the committee should state the city's strategies and clearly articulate the desired outcomes from its housing efforts. These outcomes should be stated in such a way that performance against them can be measured. The policy should at least address the following areas:
 - The income level on which the city's efforts should be concentrated;
 - The degree of involvement on the part of the city in the actual development of new home construction;
 - The city's priorities regarding project size (large scale redevelopment or small, in-fill houses);
 - The emphasis on renting or homeownership;
 - The emphasis on commercial development or residential projects; and
 - The geographic areas on which the city's efforts will be focused.
2. The city manager should ensure the developed housing policy is communicated to the City Council for review and approval.
3. The city manager should develop mechanisms for routinely gathering information on housing conditions. The mechanism should identify the information that will be obtained, how it will be collected, who is responsible for gathering it, and the frequency in which the new information will be collected.
4. The city manager should ensure the developed housing policy is communicated to all interested parties both within and outside city government.
5. The city manager should ensure departments utilize the developed housing policy when measuring the outcome of the city's housing-related activities and programs, and as a basis for measuring the performance of agencies which provide housing-related services in return for city funding.

Appendix A

Housing Questions and Housing Representatives Interviewed

Housing Questions

We interviewed more than 60 individuals involved in housing-related activities including members of the local HUD office; developers; academic housing experts; representatives of financial entities, economic development organizations and non-profit organizations; and members of agencies that address special housing needs and fair housing concerns involved in housing-related activities. We asked them a series of open-ended questions designed to solicit their opinions on housing conditions and city efforts to address housing problems. We asked the following questions:

1. How would you describe Kansas City's housing conditions?
2. What would you say are the problems, threats, and opportunities of housing in Kansas City?
3. How is the housing situation reflected in the goals and objectives of your agency?
 - a. Do you have a mission statement?
 - b. How do you determine how well your mission is achieved?
 - c. How do you fund your agency's activities?
4. What do you feel should be the city's role concerning housing issues?
5. How does this role compare to the city's current role in housing?
6. What are the opportunities or obstacles to your efforts?
7. What more can the city do to help you in your housing efforts? (Potential follow-up for question 6.)
8. Do you feel that the city requests and HUD provides enough and the right kinds of assistance? (Question for HUD staff only.)
9. Does the city maximize the use of housing programs available to it? Is funding available that is not being used? (Question for HUD staff only.)

Housing Service Providers Interviewed

Below is a list of the individuals interviewed and the organizations they represent.

Sam Alpert, Heartland Apartment Association
 John Bills, Landlords Inc.
 Andy Boeddeker, U. S. Department of Housing and Urban Development
 Bill Boyd, U. S. Department of Housing and Urban Development
 Damon Broadus, United Services Community Action Agency
 Bill Brown, Fannie Mae
 Flora Buford, East Meyer Community Association
 Tom Corwin, U. S. Department of Housing and Urban Development
 Debra Crouch, Salvation Army
 Bill Dana, Central Bank

Special Report: Kansas City Needs A Housing Policy

Floyd Davis, Landlords Inc.
Jenifer Degen, Old Northeast, Inc.
Michael Duffy, Legal Aid Of Western Missouri
Joe Egan, Housing and Economic Development Finance Corporation
Dr. Nolan Ellison, University of Missouri - Kansas City
Deana Ervin, U. S. Department of Housing and Urban Development
Charles Garney, Briarcliff West Development Company
Chuck Gaston, Community Builders of K. C.
Patricia Gilmore-Wilkins, Housing Information Center
Dr. Nathaniel Gordon, Urban Housing Management & Development Council
Reverend Steve Gordon, Urban Housing Management & Development Council
Richard Gross, Missouri Housing Development Commission
Mike Grube, Bank of America
Matthew Hall, Landlords Inc.
Rick Hamblin, U. S. Department of Housing and Urban Development
Greg Harris, U. S. Department of Housing and Urban Development
Lance Henning, Habitat for Humanity Northland
Colleen D. Hernandez, Kansas City Neighborhood Alliance
Sylvester Holmes, The Black Economic Union of Greater Kansas City
Ken Hopgood, Metropolitan Lutheran Ministry Homeless Services Center
Lorin Hunt, U. S. Department of Housing and Urban Development
Ed Jardak, Landlords Inc.
Charmaine Johnson-Davis, Housing Authority of Kansas City, Missouri
Ellen King, SAVE Inc.
Nancy Kwilas, Old Northeast Inc.
Michael Lester, SAVE Inc.
Edwin Lowndes, Housing Authority of Kansas City, Missouri
Ray Mendes, Landlords Inc.
Kirk McClure, University of Kansas
Rose Mitchell, Metropolitan Lutheran Ministry Homeless Services Center
Don Moore, Land Clearance for Redevelopment Authority
Mark Murfield, U. S. Department of Housing and Urban Development
Larry Myer, Landlords Inc.
Jim Nutter, James B. Nutter & Company
Dallas Parks, Housing Authority of Kansas City, Missouri
Thomas H. Randolph Jr., Kansas City Fair Housing Center
Sandra Rayford, Community Builders of K. C.
Joe Remke, U. S. Department of Housing and Urban Development
Michael Rogers, Sr., Landlords Inc.
Diane Rojas, Guadalupe Center
Alese Romano, Landlords Inc.
Bonnie Rosen-Cowherd, Mid America Assistance Coalition
Bill Rotert, U. S. Department of Housing and Urban Development
Tony Salazar, McCormack Baron
Gerald Shechter, Westside Housing Organization

Eric Scott, Housing Authority of Kansas City, Missouri
Stephen Summers, Landlords Inc.
Gary Ultican, U. S. Department of Housing and Urban Development
Chris Vedros, Planned Industrial Expansion Authority and the Industrial Development Authority
Carolyn Vellar, Northland Neighborhoods, Inc.
Catherine Wagner, Old Northeast, Inc.
Kathryn Walker, Kansas City Neighborhood Alliance
Jan Wallace, Twelfth Street Heritage Development Corporation
Jim White, Local Initiative Support Corporation
Laura Whitener, Economic Development Corporation
Janice Williams, Community Builders of K. C.
Jeff Williams, Legal Aid Of Western Missouri
Craig Wolfe, Craig Wolf & Company
Tim Underwood, Home Builders Association
Ron Yaffee, J. C. Nichols

Appendix B

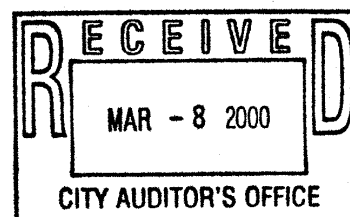
Director of HUD's Office of Community Planning & Development's Response



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
KANSAS/MISSOURI STATE OFFICE
 Gateway Tower II, Room 200
 400 State Avenue
 Kansas City, KS 66101-2406
 HUD Home Page: www.hud.gov

March 7, 2000

Mark Funkhouser, City Auditor
 City of Kansas City
 21st Floor, City Hall
 414 East 12th Street
 Kansas City, Missouri



Dear Mr. Funkhouser:

Thank you for your letter of February 24, 2000, inviting our review of the draft special report entitled *Kansas City Needs A Housing Policy*. We appreciate the opportunity to participate in the initial survey and discussions leading up to the report. We concur with the conclusions of the report and with the recommendation for creation of a task force to develop a comprehensive housing policy for Kansas City. We look forward to participating in this process as a partner along with numerous other housing practitioners, advocates and interest groups.

The report notes that HUD staff see their role as one of "oversight and monitoring to ensure funds are used within the broad parameters of its programs." We also provide advice, guidance and technical assistance to our clients. It is in this latter role that we seek to prevent compliance problems and to assist program participants to achieve the maximum results from the resources available. In addition, we are excited about the new HUD Community Builders function that is designed to assist clients in developing basic policies and programs in the areas of housing and community development. We strongly encourage you to contact the HUD Secretary's Representative for the Great Plains, Michael Tramontina, to include local Community Builders in the City's planning process.

Thank you again for the opportunity to participate in development of this report. If we can assist you in any other way, do not hesitate to contact us.

Sincerely,

William B. Rotert, Director
 Office of Community Planning and Development

cc: Michael L. Tramontina, Secretary's Representative, 7AS
 Roger E. Niesen, District Inspector General for Audit, 7AGA

Appendix C

City Manager's Response



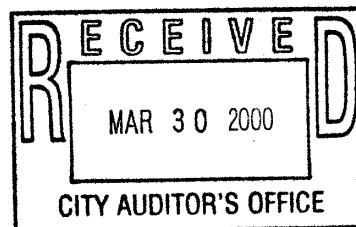
Office of the City Manager

DATE: March 30, 2000

TO: Mark Funkhouser, City Auditor

FROM: Robert L. Collins, City Manager

SUBJECT: Response to Draft of Special Report on Housing



I have reviewed the report prepared by your staff and in concept agree that it is time to rethink and update our housing policies in the context of realistic implementation strategies and I also agree that to achieve consensus it is vitally important to have both the information available and the participation of the community in a CIC like process. I want to emphasize that an effective housing strategy must be integrated into the overall goals and objectives of a city and its overall plan. As adopted in 1997, FOCUS was prepared intentionally to integrate housing, economic development and land use at both the citywide and neighborhood levels, and is an adopted city policy, which is being implemented. I believe that the process you have proposed could potentially result in a housing strategy that may not achieve the goals of FOCUS and the overall needs of the city if it is done separately from the current public safety plan, economic development strategy and zoning ordinance changes currently underway. Housing should be a component of the overall strategy of delivering services just as does economic development and public safety. So with that said and the fact that our past and present housing policies have been driven largely by either HUD regulations, FOCUS planning efforts or by Council action and have been reviewed annually by the Council and citizens, I am responding to your recommendations in the following manner.

1. I agree and will prepare a resolution for the Council that will recommend a FOCUS task force to develop a Housing Strategy component of FOCUS to be staffed by the City Planning and Development Department and be coordinated with the public safety plan, economic development strategy and zoning ordinance modifications. I will, in addition to the interest groups suggested, include representatives from the economic development, businesses, neighborhoods, realtors, finance, banking, state, health care, public safety, Urban Land Institute, Home Builders Association, American Planning Association and other state, local and federal representative groups. I will also suggest that if we are dealing with housing it has to be taken out of the typical public sector responsibility and placed in the context of building quality communities and the need for housing of all types and quality including affordable, public, and market rates. The scope should not be just what the city will do to provide housing but what role housing can play in assuring a quality city and neighborhoods. The FOCUS report included a Housing Task Force report, which is attached, dated September 16, 1996. These issues along with the areas

Mark Funkhouser

March 30, 2000

Page #2

you suggested will be discussed within the task force. FOCUS spoke of making linkages within our city. Now is a time where we can link public safety, economic development and housing in a coordinated manner to implement FOCUS.

2. I will assure that the task force report will be reviewed with all sectors of the community including the Mayor and the City Council.
3. I will assign the Director of the City Development Department the responsibility to review and recommend a housing characteristic data base which will supplement currently available information and be available to staff and the public. The cost of which will be assessed to the users of the information.
4. The FOCUS Task Force will have the responsibility to make recommendations on how to communicate the information.
5. The housing strategy should be part of and an implementation tool of the FOCUS overall comprehensive plan for the city and will be used by city staff, developers, neighborhoods and businesses to assure quality communities and availability of housing.

In addition to the above responses I believe it is important for this city to assess the real impact of Federal Housing Policy on the city and its ability to carry out its objectives. To that end I will also convene as part of the task force a group which will include: HUD, EPA, the Department of Commerce, Urban Land Institute, Home Builders Association, Fannie Mae, Freddie-Mac, and the Housing Authority of Kansas City, MO. This group will be charged with assessing the Federal requirements placed on the city and the private sector and the uses of the funds which may preclude the most efficient and cost effective provision of affordable and market rate housing.

Thank you and your staff for the fine work they have done in this complex area.



Robert L. Collins

RLC:emm
Attachments

**SUMMARY OF CURRENT PROCEDURES,
PLANS & POLICIES FOR HOUSING POLICY**

The Housing Report prepared jointly by the City Auditor and the federal D/HUD's Office of Inspector General indicates that the City of Kansas City lacks a comprehensive housing policy. It supports this with several collateral findings including data from field interviews with a variety of individuals and organizations, which have involvement with housing activities throughout the city. As summarized on pg. 19, problems/obstacles cited were city bureaucracy and numerous conditions including affordability and physical deterioration of housing, income and credit, schools and crime. Additionally, the report points up the need for more up to date demographic and housing conditions data, most of which stems from the 1990 census and local studies, which are take offs from that data base.

Kansas City does have a housing policy which has been developed and tested in both the multi-year FOCUS planning process and the annual Consolidated Housing and Community Development Plan. Collectively, these plans have involved hundreds of citizens and organizations in developing, debating, and recommending strategies and plans for housing and related neighborhood renewal activities. This broad-based housing policy is clearly articulated in the FOCUS Neighborhood Prototypes Plan (pages. 1-7 attached), and is incorporated as the framework for the annual Consolidated Housing Plan. This latter plan applies the FOCUS principles to program development within the more specific context of community planning matched up with implementation strategies, which are largely funded with federal resources as listed in the Audit Report – i.e. CDBG, HOME, ESG, HOPWA and other competitive grants. The use of these federal funds brings with them a multiplicity of regulatory conditions and program requirements, which impact both policy and operational decisions.

The 1999 Consolidated Plan, which was the example addressed in the Audit Report, moves from the broad-based policy guidelines in FOCUS, overlays the federal requirements, and then expands upon the basic policies to provide strategic guidance for affordable housing development within the range of sanctioned program activity – housing rehabilitation, new construction, rental and homeownership, grant and loan subsidies, use of tax credits, et. al. This plan incorporates an innovative structure by designating 14 Consolidated Strategy Areas (CSA's) within the city, allowing for analysis at a more detailed level. For each CSA a demographic and income profile and affordability index is developed, and priority strategies for development by housing type are recommended in each CSA. Each year boundaries for HOME program eligibility are assessed and modified based upon an evaluation of market and community conditions. The Consolidated Plan also sets requirements for use of housing tax credits for housing rehabilitation within specific areas of the city, which are reevaluated on an annual basis as a part of the planning process. (Developers denied access to these credits because of location in ineligible areas have expressed great surprise that a municipality would utilize its housing plan in such a strategic manner). The Consolidated Plan also designates smaller target areas within particular CSA's, that provide the basis for strategic allocation

of funds for neighborhood housing and related activities. The solicitation (RFP) for projects to be funded through the Consolidated Plan occurs at the beginning of the annual planning process, and output measures (such as number of housing units to produce) in the RFP ARE ultimately mirrored in the program description and budget for each activity funded by the Consolidated Plan. The five month process, beginning with an RFP and culminating with the City Council review and approval of the plan, is in fact the very process advocated in the Audit Report, as quoted: "The staff believes a better strategy for the city might be to identify specific projects it wants done, request proposals and award contracts based on the value of the proposals in relation to the city's housing policy." (Audit Report, pg. 12). We concur since that is precisely the process in practice today as well as in past planning cycles.

We believe that the FOCUS and Consolidated Plan processes and content clearly demonstrate that Kansas City does have a housing policy, which is subject to annual reassessment at both the community and City Council levels. As with many other areas of governance, the City's policy is deliberately multi-faceted to accommodate the range of opportunities and issues inherent in a complex urban environment like Kansas City. Within this kind of policy framework there will inevitably be competing priorities. This is particularly emphasized in housing development because the magnitude of community needs so far exceeds available public resources. Policies that are broadly based and sufficiently flexible to leverage the vast reservoir of private resources for housing and community development have served this city well, as evidenced by the 10 year performance record of leveraging three dollars of private funds for every one dollar of public funds in Kansas City's housing programs.

With respect to available demographic, income, and market data we concur that utilization of the 1990 census and a citywide housing conditions survey conducted at approximately the same time is dated. One of the constraints of federal funding, mentioned earlier, is the HUD requirement to utilize this 1990 census data which is a criteria for formula funding of the Community Development Block Grant. Practically speaking, however, this is the only comprehensive data base of record, which must be universally utilized until the upcoming Year 2000 census is completed and available. In conjunction with the University of Missouri – Kansas City the City has commissioned a city wide housing conditions survey to be conducted this year for compatibility with the Year 2000 census. Unlike the previous survey, this will include 100% of the residential structures throughout Kansas City with the exception of recently developed areas, which will be sampled. Capacity to update this information on a more regular basis will be possible with the advancements in computer technology; however, the benefit of this type of survey must be weighed against the cost. Fortunately the City has a private partner contributing substantially to this year's work. (Note – Kauffman Foundation is contributing \$100K for this \$236K project) It should also be noted that just as businesses, trade associations, and other organizations with a common purpose conduct market studies and surveys, the City regularly utilizes land use, demographic, economic and related studies prior to initiating housing and community development activities and projects. The data base and analytic information contained in the Consolidated Plan is an

important framework, which has been continually supplemented by area intensive studies.

The report serves a useful purpose in highlighting the importance of housing and related community development activities. It is an unfortunate fact that for many lower income persons, the CDBG Minor Home Repair program is the only public assistance specifically available for keeping their domicile habitable. The same is true for some persons with physical disabilities who have found the CDBG Accessibility Program their sole source of assistance. The HOME program just this month is closing its one thousandth purchase for a first time homebuyer family, thereby generating since its inception \$70 million in private mortgage funds, and more importantly moving a family in Kansas City from rental to a permanent home of its own. These real world examples, which could be multiplied ten-fold, help place Kansas City's housing policies in a practical context that is noticeably missing in the subject report.



Kansas City's Victorian homes

EXECUTIVE SUMMARY

Neighborhood Prototypes Plan

The FOCUS Kansas City Neighborhood Prototypes Plan provides the citizens of Kansas City a process for continuous improvement of their neighborhoods and the overall city. This prototype method is based on the understanding that each neighborhood in Kansas City is unique and evolving and that the health of each neighborhood affects the health of the entire city. Continuous improvement means ongoing commitment by residents, businesses and government to address existing conditions proactively, strategically approaching a desired future and constantly monitoring and evaluating progress for positive change within the neighborhoods and Kansas City.

Because of the wide range of existing conditions in Kansas City neighborhoods and the diversity of lifestyles, the Neighborhood Prototypes Work Team found it difficult to envision the specific elements - park, grocery store - that would be necessary to create the ideal neighborhood. With the goal of creating healthy neighborhoods in mind, the Work Team came to the conclusion that a neighborhood should work towards the achievement of three aspirations through commitment to the continuous improvement process.

Connectedness strives to connect neighborhoods and people to promote positive interaction between neighbors, between neighborhoods, and between neighborhoods and the City. Connectedness can be achieved through physical connections, such as sidewalks, and social connections, such as active block

NEIGHBORHOOD PROTOTYPES PLAN

clubs and neighborhoods organizations.

Identity values the creation of a distinctive character and sense of place in each neighborhood. Many different things can give a neighborhood its unique identity - architecture, history, active organizations, distinctive businesses, or thematic signs and markers.

Responsiveness promotes strong, cooperative relationships so that government, neighborhoods, and individuals are responsive to each other and can proactively address neighborhood issues and opportunities throughout the city.

To support the commitment toward continuous improvement and aspiring to achieve connectedness, identity and responsiveness the Neighborhood Prototypes Work Team identified seven neighborhood initiatives with supporting actions. Each of these initiatives is important if healthy neighborhoods are going to be sustainable over time.

Initiative 1. Strategic Assessment



Strategic assessment provides a framework for recognizing and analyzing neighborhood conditions in order to define tools, actions and strategies for continuous improvement in all neighborhoods. The framework is based on four general neighborhood types - Developing, Conservation, Stabilization, and Redevelopment - that provide descriptive data and observations to help neighborhoods describe themselves. The assessment is an initial step in a continuous improvement process for all neighborhoods to identify themselves within the general framework of the four area descriptions and to tailor short and long range strategies unique to their issues, assets and future vision of the neighborhood.

Initiative 2. Community Building and Organizing



Community building ties directly to the FOCUS vision of creating a people-centered community. Community building aims at nurturing neighborhood organizations so they can effectively address issues and build on assets in their neighborhoods. The plan recommends:

- encouraging community anchors to work with their surrounding neighborhood(s) on area improvements and activities
- developing a resource directory of available programs and services for neighborhoods
- creating a neighborhood partners program for neighborhoods to work together on common issues or projects

Executive Summary

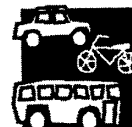
- expanding community development corporation objectives to include comprehensive neighborhood improvement
- involving absentee landlords and renters in neighborhood organizations
- developing property management cooperatives that connect residents' skills to local needs
- implementing block level programs to inventory neighborhood skills, capabilities and needs to initiate self-help networks
- supporting the creation of neighborhood associations in all neighborhoods
- providing opportunities for neighborhood input on activities that impact the neighborhood, such as the adoption of area plans or rezoning cases



Initiative 3. Neighborhood Design and Infrastructure

The physical design of neighborhoods can help make any neighborhood attractive. Implementing quality design features in established and new neighborhoods will help make all neighborhoods in the city "livable." The plan recommends:

- improving currently unusable alleys
- designing transportation systems that balance all types of travel, including pedestrians and bicycles
- identifying and cleaning up illegal dumping sites, and discouraging dumping
- designing commercial development so that it fits with the existing character, scale and style of adjacent neighborhoods
- giving a high priority to the repair and initial provision of water and sewer service utilities in existing neighborhoods
- utilizing neighborhood parks as neighborhood activity centers
- developing a positive art and graffiti program



Initiative 4. Housing Quality and Variety

The variety of housing choices and the condition of housing are important to the success and stability of a neighborhood. The plan recommends:

- adopting a Rehabilitation Building Code to encourage rehabilitation of existing structures

NEIGHBORHOOD PROTOTYPES PLAN



- creating an overlay district for neighborhoods that have a distinct character, but do not meet historic designation criteria
- creating a residential zoning category to accommodate older, urban neighborhoods that want to maintain their single-family character but do not meet current zoning requirements
- creating an assistance center to improve access to resources for low-income homeowners to repair code violations
- providing incentives to encourage conversion of rental units to owner-occupied units and to encourage home ownership
- requiring early and aggressive rehabilitation of abandoned buildings, but demolishing dangerous buildings quickly if they cannot be renovated
- promoting infill housing by transferring vacant properties to responsible owners, tax incentives, and reviving the Urban Homesteading program or a similar program
- promoting the availability of local property tax credits for small owners who invest in rehabilitation
- working aggressively to reduce “redlining”
- requiring code inspections on all rental properties when they are rented
- exploring the potential for neighborhood organizations to administer Minor Home Repair program activities in their areas
- expanding homeowner education programs
- exploring the potential to grant neighborhood organizations the power of eminent domain
- expanding training for residents to perform code inspections in their neighborhoods and granting neighborhoods the authority to cite violations



Initiative 5: Neighborhood Economic Development

Small nearby businesses can be a benefit to the neighborhood and benefit from a healthy neighborhood if they are well-designed and committed to improving the neighborhood. The plan recommends:

- promoting businesses that are involved in their community
- attracting new employment centers to the urban core

- encouraging commercial rehabilitation through low-interest loans
- creating incentives to encourage employee-owned or cooperative businesses where neighbors can share in the economic benefits and responsibilities of the business
- developing learning satellites to increase neighborhood workforce skills
- creating or strengthening existing programs to assist small developers and nonprofit corporations to redevelop small scale commercial development



Initiative 6: Personal and Neighborhood Safety

Both the feeling and reality of personal safety are essential to the choices people make about where they will live. The plan recommends:

- changing the City's Zoning Ordinance to allow for more mixed-use areas
- providing grants to property owners to install external lighting on their houses
- expanding neighborhood watch programs and identifying a neighborhood "safe" house for children to use, if necessary
- developing visible and inviting storefront police centers



Initiative 7: Marketing Neighborhoods

Promoting the value and richness of Kansas City's neighborhoods is a significant part of ensuring sustained future growth for the city. The plan recommends:

- creating a special task force aimed at achieving balanced and responsible reporting on the city and its neighborhoods
- creating a local media strategy through partnerships between neighborhoods and small, local publications that focuses on balanced reporting of neighborhood issues.



An expanded discussion of each of these initiatives and supporting actions can be found in the Aspirations and Initiatives section of this plan. To support the implementation of the initiatives the following responsibility matrix was developed. This matrix identifies corresponding responsibilities and priorities for implementation of the initiatives and actions with public or private sector entities and partnerships.

NEIGHBORHOOD PROTOTYPES PLAN

Neighborhood Prototypes Plan
Responsibility Matrix

Initiative/Action	Private	Public	Partnerships	Type of Action	Initiate by
	Citizens, Non-Profits and Businesses	City Other Jurisdictions			
Initiative 1: Strategic Assessments					
A. Implement the Strategic Assessment Process	■	■	■	Project	2000
Initiative 2: Community Building and Organizing					
A. Encourage community anchors to work with neighborhoods on improvements and activities (See the Community Anchors Building Block)	■	■	■	Project	2000
B. Provide opportunities for neighborhood input on development/planning activities		■		Policy	2000
C. Compile a comprehensive directory of programs and services for neighborhoods	■	■	■	Project	2005
D. Create a Neighborhood Partners Program	■			Project	2005
E. Expand Community Development Corporation objectives to include comprehensive neighborhood improvement	■	■	■	Project	2000
F. Develop neighborhood property management cooperatives	■			Project	
G. Inventory residents' skills, capabilities & needs at block level	■			Project	2000
H. Involve absentee owner and renters in neighborhood organizations	■			Project	
I. Create neighborhood associations in all neighborhoods	■			Project	
Initiative 3: Neighborhood Design/Infrastructure					
A. Reclaim alleys in older neighborhoods	■	■	■	Project	
B. Design neighborhood transportation system that balances all types of travel, including pedestrian and bicycles	■	■	■	Policy	
C. Give high priority to repair/provision of water and sewer service utilities in existing neighborhoods	■	■	■	Policy	- 2000
D. Identify illegal dumping sites and develop strategies to deter dumping activity	■	■	■	Project	
E. Integrate new commercial development with the character, scale and style of adjacent neighborhoods	■	■	■	Project	
F. Utilize neighborhood parks as activity centers	■		■	Project	
G. Develop a positive art and graffiti program, focusing on art that reflects the character of the neighborhood, residents or positive messages	■		■	Project	
Initiative 4: Housing Quality/Variety					
A. Adopt a rehabilitation building code		■		Legislative	2000
B. Create a special overlay district for neighborhoods with distinct quality and character that do not meet historic designation status		■		Legislative	
C. Create a new residential zoning category for older urban neighborhoods to maintain their existing low-density, single-family character.		■		Legislative	2005
D. Provide assistance for low-income homeowners with code violations through one-stop assistance center	■	■	■	Project	

Initiative/Action	Private	Public		Partnerships	Type of Action	Initiate by
	Citizens, Non-Profits and Businesses	City	Other Jurisdictions			
E. Provide incentives for rental to owner-occupied conversion	■	■		■	Policy	
F. Enforce aggressive rehabilitation, redevelopment or condemnation of dilapidated properties	■	■		■	Project	2000
G. Establish incentives to encourage home ownership	■	■		■	Project	
H. Promote infill housing by encouraging the transfer of Land Trust properties, vacant lots and structures	■	■	■	■	Project	2005
I. Promote simplified versions of "353" or Tax Increment Financing for small property owners	■	■		■	Policy	2005
J. Work aggressively to reduce or stop "redlining"	■	■		■	Policy	
K. Establish a program to require code inspection for rental property	■	■		■	Project	
L. Explore potential for non-profit organization to administer minor home repair program		■			Project	
M. Expand homeowner education programs	■				Project	
N. Explore granting eminent domain capabilities to community development organizations		■	■		Project	
O. Expand code inspection training and citation authority for neighborhoods	■	■		■	Project	
Initiative 5: Neighborhood Economic Development						
A. Make community involvement a criteria in considering new major commercial/retail development in neighborhood areas		■			Policy	2000
B. Attract new <u>quality</u> employment to the central area of the city	■	■		■	Policy	
C. Encourage commercial rehabilitation by providing incentives in target areas.		■		■	Project	
D. Create incentives to encourage employee owned or cooperative businesses	■	■	■	■	Project	
E. Develop learning satellites in existing facilities or FOCUS Centers to increase knowledge and skills of neighborhood workforce	■	■	■	■	Project	
F. Create or strengthen programs to assist small developers and nonprofit corporations in redevelopment efforts	■	■		■	Project	
Initiative 6: Personal/Neighborhood Safety						
A. Integrate zoning categories to allow more mixed-use		■			Project	2000
B. Provide external house lighting grants	■	■		■	Project	2000
C. Expand neighborhood watch programs	■				Project	2000
D. Develop visible and inviting storefront police centers		■			Project	
Initiative 7: Marketing Neighborhoods						
A. Create a special media task force aimed at achieving balanced reporting of neighborhood activities and issues	■				Project	2000
B. Develop media/neighborhood partnership to market neighborhoods	■				Project	2000

FOCUS Kansas City **HOUSING TASK FORCE REPORT** **"BIG IDEAS"**

September 16, 1996

BIG IDEAS--STRATEGIES

1. New construction--moderate-income housing

Create a combination of incentives (financial and regulatory) and public/private partnerships to encourage or require the development of moderate-income housing in all new subdivisions. Establish priority areas in which this should occur, based on the 4 FOCUS area types* and on other criteria. Avoid placing large numbers of these units near neighborhoods facing imminent threats to their stability. Supplement these efforts with programs to make owner-occupancy financially feasible. Include multifamily housing in provision of affordable moderate-income housing and provide for this housing in area plans. Avoid concentrating these units. Provide mechanisms for the moderate-income owners to maintain their units in the long-term. Provide programs to educate developers on the value and intent of these programs, as well as program procedures. Encourage participation by counties in the region. Investigate options for flexibility similar to transportation and park contributions.
City-Wide: Kansas City will be recognized as a city of opportunity.

2. Existing housing/neighborhoods--moderate-income housing

Create a combination of incentives (financial and regulatory) and public/private partnerships to encourage the availability of moderate-income housing in existing neighborhoods. Also eliminate disincentives for these programs. Establish priority areas in which this should occur, based on the 4 FOCUS area types and on other criteria. Address issues of obsolescent neighborhoods (need for parking, etc.) and of out-dated structures (number of bathrooms, central air conditioning, family rooms, etc.) so that these efforts will meet current market demands. Avoid placing large numbers of these units in or near neighborhoods facing imminent threats to their stability. Supplement these efforts with programs to make owner-occupancy financially feasible. Avoid concentrating these units. Provide mechanisms for the moderate-income owners to maintain these units in the long-term. Provide programs to educate developers on the value and intent of these programs, as well as program procedures.
City-Wide: Kansas City will be recognized as a city of opportunity.

*The four FOCUS area types are: developing, conservation, stabilization, and redevelopment. These four types will serve as a framework by which the Neighborhood Prototypes plan will begin to describe the variety of areas throughout the city, define strategies to improve all areas, and suggest ways to apply public and private resources to all types of areas.

- 3. New Construction/Existing housing--subsidized and Public Housing**
When providing, rebuilding, or significantly rehabilitating subsidized or Public Housing, require that they be mixed-income small projects with a predominance of moderate- or middle-income units. Do not locate these units in areas already significantly impacted with large numbers of such units. Tie the location of this housing to the 4 FOCUS area types. Disperse these units throughout the city. Integrate planning of subsidized housing and Public Housing with the new programs resulting from welfare reform. Consider ways to provide housing for low-income and homeless persons.
City-Wide: Kansas City will be recognized as a city of opportunity.
- 4. Existing housing/neighborhoods--moderate-income and overall rehabilitation**
Create a combination of incentives (financial and regulatory) and public/private partnerships to encourage the rehabilitation of existing housing. Also eliminate disincentives for these programs. Establish priority areas in which this should occur, based on the 4 FOCUS areas types (and on other criteria, possibly including leveraging with other resources or working with organized neighborhoods and/or Community Development Corporations--CDCs). Supplement these efforts with programs to make owner-occupancy financially feasible, and include mechanisms for moderate-income owners to maintain these units in the long term. Include specific initiatives geared to absentee owners, with restrictions. Coordinate the initiatives with mechanisms to ensure that all housing units meet maintenance code and zoning standards.
Neighborhoods: Provide housing quality and variety.
- 5. CDCs and neighborhoods--working together**
Organize housing development, conservation, and rehabilitation programs by continuing to build the capacity of existing Community Development Corporations (CDCs), and involving neighborhoods in identifying what programs they need and in organizing those programs. Use CDCs to support affordable housing and rehabilitation initiatives. Seek outside funding to support CDCs and to enable them to achieve greater self-sufficiency.
Governance: Define the role of citizens.
- 6. Priority and targeting for housing programs**
Prioritize and target low- and moderate-income housing programs according to the 4 FOCUS area types. Work through CDCs, where appropriate. Provide funding for specific programs on this basis.
Neighborhoods: Provide housing quality and variety.
- 7. Attracting middle- and upper-income residents to the Urban Core**
Develop mechanisms to attract additional middle- and upper-income residents to the urban core and mechanisms to provide housing to attract these residents to dense "urban" neighborhoods and to all parts of the urban core. Promote and support the continued adaptive reuse of commercial buildings in the urban core for re-

development into residential uses where appropriate, and provide building code alternatives that enable the successful and safe rehabilitation of historic and commercial properties into residential uses. Develop housing in and near the central business district to provide a market for retail and services, employees for businesses, and nearby jobs for residents. Develop mechanisms to encourage mixed residential and commercial projects that may also enable residents to integrate their businesses into their homes, where appropriate. Investigate risk pools for credit in targeted areas or other mechanisms to encourage investment.

Neighborhoods: Provide housing quality and variety.

8. Housing program evaluation

Evaluate housing programs based on their success in providing dispersed low- and moderate-income housing that the market does not ordinarily provide, in increasing home-ownership in Urban Core neighborhoods, in attracting middle- and upper-income residents to the Urban Core, in achieving housing rehabilitation, and in providing housing that exhibits excellent urban design in all areas of the city.

Governance: Evaluate expenditures as investments.

9. Existing housing/neighborhoods--rehabilitating Dangerous Buildings

Rehabilitate rather than demolish Dangerous Buildings, where feasible. Target these houses for a fast-track program to get them rehabilitated or aggressively demolish them if they cannot be rehabilitated.

Neighborhoods: Provide housing quality and variety.

10. Urban design standards for housing

Develop design standards and urban design standards such that low- and moderate-income housing does not stand out as different in any neighborhood and such that it complements the existing housing within an area. Rehabilitated housing should also adhere to this standard. All housing should be designed in ways to help create community and to help create safe neighborhoods.

City-Wide: Kansas City should build on its strengths.

11. Financial incentives for housing

Use financial incentives to provide ways to increase housing and neighborhood improvements. Potentially link public and private initiatives such as TIF, 353, and special benefit districts to stimulate adjacent housing development or rehabilitation.

Governance: Evaluate expenditures as investments

BIG IDEAS--IMPLEMENTATION

12. Implementation--project compliance with plans

Development projects should comply with City plans and should be built according to the plans approved by the City Plan Commission and City Council. The City should identify the person responsible for doing this and ensure that this is an inte-

gral part of his or her job.

Governance: Organize the government around outcomes rather than functions.

13. Implementation--legal improvements to code enforcement

Improve the City's ability to cite and prosecute owners for maintenance code and zoning violations and dangerous buildings. Change State and City legislation where necessary.

Neighborhoods: Provide housing quality and variety.

14. Implementation--code enforcement staffing and improvements

Increase staffing for property maintenance code inspections and increase the qualifications and training of inspectors so that qualified inspectors are making inspections. Include training about historic district requirements, how to inspect and repair older housing, etc. Reinststate the Systematic Inspection Program. Include the inspection of rental property in all programs to avoid duplication and inconsistency in interpretation. Combine inspections, especially on multifamily properties involved in subsidy programs, so that a given property does not have to undergo multiple inspections for numerous government entities. Also include grounds and landscaping enforcement.

Governance: Every citizen should receive a basic "bundle" of services.

15. Implementation--attitudes of City staff

Improve the customer service attitudes of all City staff who deal with housing and neighborhood issues so that staff work to improve neighborhoods and effectively address neighborhood concerns. Improve internal City coordination of housing and neighborhood efforts, and coordinate non-housing solutions that help neighborhoods "work" with housing programs. Also integrate City regulations (building and maintenance codes, Landmarks Ordinances, etc.) so they attempt to achieve the same objectives rather than pulling owners in different directions. Train the Board of Zoning Adjustment regarding the parameters of their power and authority and regarding the intent, objectives, and importance of the City's long-range plans, so that the BZA is reinforcing those objectives, working within the parameters of their authority, and granting variances that reflect those parameters and City plans.

Governance: Organize the government around outcomes rather than functions.